

PART 32 SIMPLIFICATION  
ELIMINATE EXPENSE MATRIX REQUIREMENTS

Eliminate Section 32.5999(f) from Part 32

~~(f) Expense Matrix. The expense accounts shall be maintained by the following subsidiary record categories, as appropriate to each account. Such subsidiary record categories shall be reported as required by Part 13 of this Commission's Rules and Regulations.~~

~~(1) Salaries and wages. This subsidiary record category shall include compensation to employees, such as: wages, salaries, commissions, bonuses, incentive awards and termination payments.~~

~~(2) Benefits. This subsidiary record category shall include payroll related benefits on behalf of employees such as the following:~~

~~Pensions  
Savings plan contributions (company portion)  
Workers compensation required by law  
Life, hospital, medical, dental, and vision plan insurance  
Social Security and other payroll taxes~~

~~(3) Rents.~~

~~(i) This subsidiary record category shall include amounts paid for the use of personal operating property. Amounts paid for real property shall be included in Account 6121, Land and Buildings Expense. This category includes payments for operating leases but does not include payments for capital leases.~~

~~(ii) This subsidiary record category is applicable only to the Plant Specific Operations Expense accounts. Incidental rents, e.g., short term rental car expense, shall be categorized as Other Expenses (see paragraph (f)(4) of this section) under the account which reflects the function for which the incidental rent was incurred.~~

~~(4) Other expenses. This subsidiary record category shall include costs which cannot be classified to the other subsidiary record categories. Included are material and supplies, including provisioning (note also Account 6512, Provisioning Expense); contracted services; accident and damage payments; insurance premiums; traveling expenses and other miscellaneous costs.~~

~~(5) Clearances. This subsidiary record category shall include amounts transferred to Construction accounts (see § 32.2000 (c)(2)(iii)), or other Plant Specific Operations Expense accounts, and/or Account 3100, Accumulated Depreciation (cost of removal; see § 32.2000(g)(1)(iii)), as appropriate, from Accounts 6112, Motor Vehicle Expense, 6113, Aircraft Expense, 6114, Special Purpose Vehicles Expense, 6116, Other Work Equipment Expense, 6534, Plant Operations Administration Expense, and 6535, Engineering Expense. There shall also be transfers to Construction or other Plant Specific Operations Expense accounts, as appropriate, from Account 6512, Provisioning Expense. With respect to these expenses, companies may establish such clearing accounts as they deem necessary to accomplish substantially the same results, provided that within 30 days of the opening of such accounts, companies shall notify the Commission of the nature and purpose thereof. Additional clearing accounts affecting other expense areas may be established with prior approval of the Commission. Should companies elect, the initial incurred subsidiary record category identification may be carried through to the final accounts without this Commission's approval.~~

## PART 32 SIMPLIFICATION

### ELIMINATE REQUIREMENT FOR COMMISSION APPROVAL

#### BEFORE ADOPTING CHANGES TO EXISTING OR NEW ACCOUNTING STANDARDS

Modify Section 32.16 Changes in accounting standards as follows:

(a) The company's records and accounts shall be adjusted to apply new accounting standards prescribed by the Financial Accounting Standards Board or successor authoritative accounting standard- setting groups, in a manner consistent with generally accepted accounting principles. ~~The change in accounting standard will automatically take effect 90 days after the company informs this Commission of its intention to follow the new standard, unless the Commission notifies the company to the contrary. Concurrent with informing this Commission of its intent to adopt an accounting standards change, the company shall also file a revenue requirement study for the current year and a projection for three years into the future analyzing the effects of the accounting standards change. Furthermore, any Changes subsequently adopted~~ by carriers shall be disclosed in annual reports to this Commission.

(b) The changes in accounting standards which ~~this Commission approves~~ the carriers adopt will not necessarily be binding on the ratemaking practices of the various state commission.

PART 32 SIMPLIFICATION

ELIMINATE REQUIREMENT TO TRANSFER SUSPENDED PROJECTS  
TO ACCOUNT 2006

Modify Section 32.2003(c) as follows:

(c) If a construction project has been suspended for six months or more, companies shall discontinue capitalization of AFUDC until construction is resumed. ~~the cost of the project included in this account shall be transferred to Account 2006, Nonoperating Plant, without further direction or approval of this Commission.~~ If a project is abandoned, the cost included in this account shall be charged to Account 7370, Special Charges.

SIMPLIFY PART 32 BY SECTIONS 32.25 AND 32.26 AS FOLLOWS:

32.25 Unusual items and contingent liabilities.

Extraordinary items, prior period adjustments and contingent liabilities shall be submitted to this Commission for review before being recorded in the company's books of account in accordance with the requirements of generally accepted accounting principles (GAAP). ~~The materiality of corrections of errors in prior periods shall be measured in relation to the summary account level used for reporting purposes for Class A carriers, or in relation to total operating revenues or total operating expenses for Class B carriers. For Class A carriers, no correction in excess of one percent of the aggregate summary account dollars or one million dollars, whichever is higher, may be recorded in current operating accounts without prior approval. For Class B carriers, no correction which exceeds one percent of total operating revenues or one percent of total operating expenses, depending on the nature of the item, may be recorded in current operating accounts without prior approval.~~

32.26 Materiality

Companies shall follow this system of accounts in recording all financial and statistical data. When errors occur or better estimates become available corrections should be made based on the GAAP, ~~irrespective of an individual items criteria of materiality, under GAAP, unless a waiver has been granted under the provisions of § 32.18 of this subpart to do otherwise.~~

PART 32 SIMPLIFICATION

ELIMINATE REQUIREMENTS TO MAKE BALANCE SHEET ENTRIES  
FOR GROSS UP FAS 109 ASSETS/LIABILITIES

32.1437 Deferred Tax Regulatory Asset.

~~(a) This account shall include amounts of probable future revenue for the recovery of future increases in taxes payable. As reversals occur, amounts recorded in this account shall be reduced with a credit entry and a debit entry to Account 1341, Net Deferred Tax Liability Adjustments.~~

(b) This account shall also be adjusted for the impact of prospective tax rate changes on the deferred tax liability for those temporary differences underlying its existing balance. If the cumulative effect of such adjustments reduce the account to a net credit balance, such balance shall be reclassified to Account 4361.

Section 32.4361 Deferred Tax Regulatory Liability.

~~(a) This account shall include amounts of probable future revenue reductions attributable to future decreases in taxes payable. As reductions occur, amounts recorded in this account shall be reduced with a debit entry and a credit entry to Account 1341, Net Deferred Tax Liability Adjustments.~~

(b) This account shall also be adjusted for the impact of prospective tax rate changes on the deferred tax liability for those temporary differences underlying its existing balance. If the cumulative effect of such adjustments reduces the account to a net debit balance, such balance shall be reclassified to Account 1437.

## PART 32 SIMPLIFICATION

### MODIFY SECTION 32.2000(f)(i) TO PERMIT AVERAGE COSTING OF INVESTMENT IN HARDWIRED CENTRAL OFFICE EQUIPMENT(COE)

*(f) Standard practices for establishing and maintaining continuing property records.*

*(1) Accounting area.*

(i) The continuing property record, as related to each primary plant account, shall be established and maintained by subaccounts for each accounting area. An accounting area is the smallest territory of the company for which accounting records of investment are maintained for all plant accounts within the area. Areas already established for administrative, accounting, valuation, or other purposes may be adopted for this purpose when appropriate. In no case shall the boundaries of accounting areas cross ~~either~~ State lines ~~or boundaries prescribed by the Commission.~~

(ii) In determining the limit of each area consideration ~~shall~~ may be given to the quantities of property, construction conditions, operating districts, county and township lines, taxing district boundaries, city limits, and other political or geographical limits, in order that the area adopted may have maximum adaptability, within the confines of practicability, for both the company's purpose and those of Federal, State, and municipal authorities.

*(3) Methods of determining original cost of property record units.* The original cost of the property record units shall be determined by analyses of the construction costs incurred as shown by completion reports and other data, accumulated in the respective construction work orders or authorization. Costs shall be allocated to and associated with the property record units to facilitate accounting for retirements. For example other costs incurred to installed COE hardwired investment not specifically identifiable with the retirement units may be allocated to the retirement units using a first in first out method of distributing the costs. The original cost of property record units shall be determined by unit identification or averaging as described in paragraphs (f)(3) (i) and (ii) of this section.

*(i) Unit identification.* Cost shall be identified and maintained by specific location for property record units contained within certain regulated plant accounts or account groupings such as Land, Buildings, Central Office Switching, Central Office Network Management, Motor Vehicles, Garage Work Equipment, and Furniture. In addition, units involved in any unusual or special type of construction shall be recorded by their specific location costs (note also paragraph § 32.2000(f)(3)(ii)(B) of this subpart.

## PART 32 SIMPLIFICATION

### MODIFY SECTION 32.2000(f)(i) TO PERMIT AVERAGE COSTING OF INVESTMENT IN HARDWIRED CENTRAL OFFICE EQUIPMENT(COE)

#### (ii) *Averaging.*

(A) Average costs may be developed for plant consisting of a large number of similar units such as terminal equipment, poles, wire, cable, cable terminals, conduit, hardwired COE equipment furniture, and work equipment. Units of similar size and type within each specified accounting area such as a state and regulated plant account such as COE hardwired investment may be grouped. Each such average cost shall be set forth in the continuing property record of the units with which it is associated. §)

(B) The averaging of costs permitted under the provisions of the foregoing paragraph is restricted to plant having similar characteristics installed in a particular ~~vintage or band of years incurred within an~~ accounting area. ~~This paragraph does not permit the inclusion of the cost of units involved in any unusual or special type of construction. The units involved in such unusual or special type of construction shall be recorded at cost by location.~~

(5) *Identification of property record units.* There shall be shown in the continuing property record or in record supplements thereof, a complete description of the property records units in such detail as to identify such units. The description shall include the identification of the work order under which constructed, the year of installation (unless not determinable per § 32.2000(f)(4) of this subpart, specific location of the property within each accounting area in such manner that it can be readily spot-checked for proof of physical existence, the accounting company's number or designation, and any other description used in connection with the determination of the original cost. Descriptions of units of similar size and type shall follow prescribed groupings.

(6) *Reinstalled units.* When units to which average costs are not applied, i.e., specific and fixed location units, are removed or retired and subsequently reinstalled, the date when the unit was first charged to the appropriate plant account shall, when required for adequate service life studies and reasonably accurate retirement accounting, be shown in addition to the date of reinstallation.

(7) *Age and service life of property.* The continuing property record shall disclose the age of existing property and the supporting records shall disclose the service life of property retired. Exceptions from this requirement for any property record unit shall be submitted to the Commission for approval.

(8) *Reference to sources of information.* There shall be shown by appropriate reference the source of all entries. All drawings, computations, and other detailed records which support quantities and costs of estimated costs shall be retained as a part of on in support of the continuing property record.

## PART 32 SIMPLIFICATION

### ELIMINATE ACCOUNTS 2411 POLES AND 2441 CONDUIT SYSTEMS

Modify Part 32 to transfer cost of poles and conduit systems to aerial cable and underground cable as follows:

#### 32.2411 Poles.

~~This account shall include the original cost of poles, crossarms, guys and other material used in the construction of pole lines and shall include the cost of towers when not associated with buildings. This account shall also include the cost of clearing pole line routes and of tree trimming but shall exclude the cost of maintaining previously cleared routes.~~

#### 32.2421 Aerial cable.

(a) This account shall include the original cost of aerial cable and of drop and block wires served by such cable or aerial wire as well as the cost of other material used in construction of such plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic aerial cable and metallic aerial cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of permits and privileges for the construction of cable and wire facilities shall be chargeable with such construction.

(c) This account shall also include the original cost of poles, crossarms, guys and other material used in the construction of pole lines and shall include the cost of towers when not associated with buildings. This account shall also include the cost of clearing pole line routes and of tree trimming but shall exclude the cost of maintaining previously cleared routes.

#### ~~32.6411 Poles expense.~~

~~This account shall include expenses associated with poles.~~

#### 32.6421 Aerial cable expense.

(a) This account shall include expenses associated with aerial cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.2421(a) of Subpart C.



## PART 32 SIMPLIFICATION

### ELIMINATE ACCOUNTS 2411 POLES AND 2441 CONDUIT SYSTEMS

(c) This account shall include expenses associated with poles.

#### **32.2422      Underground cable.**

(a) This account shall include the original cost of underground cable installed in conduit and of other material used in the construction of such plant. This account shall include the original cost of conduit, whether underground, in tunnels or on bridges, which is reusable in place. It shall also include the cost of opening trenches and of any repaving necessary in the construction of conduit plant. Subsidiary record categories, as defined below, are to be maintained for nonmetallic underground cable and metallic underground cable.

(1) *Nonmetallic cable.* This subsidiary record category shall include the original cost of optical fiber cable and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(2) *Metallic cable.* This subsidiary record category shall include the original cost of single or paired conductor cable, wire and other associated material used in constructing a physical path for the transmission of telecommunications signals.

(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be included in the account chargeable with such construction

(c) The cost of drop and block wires served by underground cable shall be included in Account 2423, Buried Cable. The cost of protective covering for buried cable shall be charged to Account 2423, Buried Cable, as appropriate, unless such protective covering is reusable in place. The amounts thus charged shall be included in the nonmetallic buried cable or metallic buried cable subsidiary record category, as appropriate.

(d) The cost of cables leading from the main distributing frame or equivalent to central office equipment shall be included in the appropriate switching, transmission or other operations asset account. The cost of pipes or other protective covering for underground drop and block wires shall be included in Account 2421, Aerial Cable or Account 2423, Buried Cable, as appropriate. The amounts thus charged shall be included in the nonmetallic or metallic subsidiary record category, as appropriate. The cost of pipes or other protective covering for inside wires shall be included in Account 6321, Customer Premises Wiring Expense.

#### **~~32.2441      Conduit systems.~~**

~~(a) This account shall include the original cost of conduit, whether underground, in tunnels or on bridges, which is reusable in place. It shall also include the cost of opening trenches and of any repaving necessary in the construction of conduit plant.~~

~~(b) The cost of pumping water out of manholes and of cleaning manholes and ducts in connection with construction work and the cost of permits and privileges for the construction of cable and wire facilities shall be chargeable with such construction.~~

~~(c) The cost of protective covering for buried cable shall be charged to Account 2423, Buried Cable, as appropriate, unless such protective covering is reusable in place. The amounts~~

## PART 32 SIMPLIFICATION

### ELIMINATE ACCOUNTS 2411 POLES AND 2441 CONDUIT SYSTEMS

~~thus charged shall be included in the nonmetallic buried cable or metallic buried cable subsidiary record category, as appropriate.~~

~~(d) The cost of pipes or other protective covering for underground drop and block wires shall be included in Account 2421, Aerial Cable or Account 2423, Buried Cable, as appropriate. The amounts thus charged shall be included in the nonmetallic or metallic subsidiary record category, as appropriate. The cost of pipes or other protective covering for inside wires shall be included in Account 6321, Customer Premises Wiring Expense.~~

#### **32.6422      Underground cable expense.**

(a) This account shall include expenses associated with underground cable.

(b) Subsidiary record categories shall be maintained as provided in § 32.24.22(a) of Subpart C.

(c) This account shall include expenses associated with conduit systems.

#### ~~**32.6441      Conduit systems expense.**~~

~~This account shall include expenses associated with conduit systems.~~

## PART 32 SIMPLIFICATION

### CHANGE PART 32 TO PERMIT ALL TELECOMMUNICATIONS CARRIERS TO USE THE CLASS B LEVEL CHART OF ACCOUNTS

Modify Part 32 Section 32.11 to permit all telecommunications carriers to use Class B chart of accounts (see Attachment A) as follows:

#### 32.11 Classification of companies.

(a) For accounting purposes, companies are divided into classes as follows:

(1) Class A. Companies having annual revenues from regulated telecommunications operations that are equal to or above the indexed revenue threshold.

(2) Class B. Companies having annual revenues from regulated telecommunications operations that are less than the indexed revenue threshold.

(b) ~~ALL Class A~~ companies shall keep all the accounts of this system of accounts which are applicable to their affairs and are designated as Class ~~A~~B accounts. Class A ~~These companies~~ shall also keep Basic Property Records in compliance with the requirements of § 32.2000(e) and (f) of Subpart C.

(c) Class B companies shall keep ~~all the accounts of this system of accounts which are applicable to their affairs and are designated as Class B accounts. These companies shall also keep~~ Continuing Property Records in compliance with the requirements of §§ 32.2000(e)(7)(A) and 32.2000 (f) of Subpart C.

(d) ~~All Class B~~ companies that desire more detailed accounting may keep ~~adopt~~ the accounts prescribed for Class A companies, ~~upon the submission of a written notification to the Commission.~~

(e) The initial classification of a company shall be determined by its lowest annual operating revenues for the five immediately preceding years. Subsequent changes in classification shall be made when the annual operating revenues show a greater or lesser classification for five consecutive years. Companies becoming subject to the jurisdiction of the Commission and not having revenue data for the five immediately preceding years shall estimate the amount of their annual revenues and adopt the scheme of accounts appropriate for the amount of such

Account title	Class A account	Class B account
<b>Current Assets</b>		
Cash and equivalents:		
Cash and equivalents.....		1120
Cash.....	1130 .....	
Special cash deposits.....	1140 .....	
Working cash advances.....	1150 .....	
Temporary investments.....	1160 .....	
Receivables and allowances for doubtful accounts:		
Telecommunications accounts receivable.....	1180	1180
Accounts receivable allowance-- telecommunications.....	1181	1181
Other accounts receivable.....	1190	1190
Accounts receivable allowance--other.....	1191	1191
Notes receivable.....	1200	1200
Notes receivable allowance.....	1201	1201
Interest and dividends receivable.....	1210	1210
Supplies:		
Material and supplies.....	1220	1220
Prepayments:		
Prepayments.....		1280
Prepaid rents.....	1290 .....	
Prepaid taxes.....	1300 .....	
Prepaid insurance.....	1310 .....	
Prepaid directory expenses.....	1320 .....	
Other prepayments.....	1330 .....	
Other current assets:		
Other current assets.....	1350	1350
<b>Noncurrent Assets</b>		
Investments:		
Investment in affiliated companies.....	1401	1401
Investments in nonaffiliated companies.....	1402	1402
Nonregulated investments.....	1406	1406
Unamortized debt issuance expense.....	1407	1407
Sinking funds.....	1408	1408
Other noncurrent assets.....	1410	1410
Deferred charges:		
Deferred tax regulatory asset.....	1437	1437
Deferred maintenance and retirements.....	1438	1438

Account title	Class A account	Class B account
Deferred charges.....	1439	1439
Other:		
Other jurisdictional assets--net.....	1500	1500
REGULATED PLANT		
Property, plant and equipment:		
Telecommunications plant in service.....	2001	2001
Property held for future telecommunications use.....	2002	2002
Telecommunications plant under construction--	2003	2003
Telecommunications plant adjustment.....	2005	2005
Nonoperating plant.....	2006	2006
Goodwill.....	2007	2007
TELECOMMUNICATIONS PLANT IN SERVICE (TPIS)		
TPIS--General support assets:		
Land and support assets.....		2110
Land.....	2111	
Motor vehicles.....	2112	
Aircraft.....	2113	
Special purpose vehicles.....	2114	
Garage work equipment.....	2115	
Other work equipment.....	2116	
Buildings.....	2121	
Furniture.....	2122	
Office equipment.....	2123	
General purpose computers.....	2124	
TPIS--Central Office assets:		
Central Office--Switching.....		2210
Analog electronic switching.....	2211 .....	
Digital electronic switching.....	2212 .....	
Electro-mechanical switching.....	2215 .....	
Operator systems.....	2220	2220
Central Office--Transmission.....		2230
Radio systems.....	2231 .....	
Circuit equipment.....	2232 .....	
TPIS--Information origination/termination assets:		
Information origination/termination.....		2310
Station apparatus.....	2311 .....	
Customer premises wiring.....	2321 .....	
Large private branch exchanges.....	2341 .....	
Public telephone terminal equipment.....	2351 .....	

Account title	Class A account	Class B account
Other terminal equipment.....	2362 .....	
TPIS--Cable and wire facilities assets:		
Cable and wire facilities.....		2410
Poles.....	2411 .....	
Aerial cable.....	2421 .....	
Underground cable.....	2422 .....	
Buried cable.....	2423 .....	
Submarine cable.....	2424 .....	
Deep Sea cable.....	2425 .....	
Intrabuilding network cable.....	2426 .....	
Aerial wire.....	2431 .....	
Conduit systems.....	2441 .....	
TPIS--Amortizable assets:		
Amortizable tangible assets.....		2680
Capital leases.....	2681 .....	
Leasehold improvements.....	2682 .....	
Intangibles.....	2690 .....	2690
Depreciation and amortization:		
Accumulated depreciation.....	3100 .....	3100
Accumulated depreciation--Held for future telecommunications use.....	3200 .....	3200
Accumulated depreciation--Nonoperating.....	3300 .....	3300
Accumulated amortization--Tangible.....		3400
Accumulated amortization--Capitalized leases....	3410 .....	
Accumulated amortization--Leasehold improvements	3420 .....	
Accumulated amortization--Intangible.....	3500 .....	3500
Accumulated amortization--Other.....	3600 .....	3600
Current liabilities:		
Accounts payable.....	4010 .....	4010
Notes payable.....	4020 .....	4020
Advance billing and payments.....	4030 .....	4030
Customer's deposits.....	4040 .....	4040
Current maturities--long-term debt.....	4050 .....	4050
Current maturities--capital leases.....	4060 .....	4060
Income taxes--accrued.....	4070 .....	4070
Other taxes--accrued.....	4080 .....	4080
Net Current Deferred Operating Income Taxes.....	4100 .....	4100
Net Current Deferred Nonoperating Income Taxes..	4110 .....	4110
Other accrued liabilities.....	4120 .....	4120
Other current liabilities.....	4130 .....	4130

Account title	Class A account	Class B account
Long-term debt:		
Funded debt.....	4210	4210
Premium on long-term debt.....	4220	4220
Discount on long-term debt.....	4230	4230
Reacquired debt.....	4240	4240
Obligations under capital leases.....	4250	4250
Advances from affiliated companies.....	4260	4260
Other long-term debt.....	4270	4270
Other liabilities and deferred credits:		
Other long-term liabilities.....	4310	4310
Unamortized operating investment tax credits net.....	4320	4320
Unamortized nonoperating investment tax credits net.....	4330	4330
Net noncurrent deferred operating income taxes.....	4340	4340
Net deferred tax liability adjustments.....	4341	4341
Net noncurrent deferred nonoperating income taxes.....	4350	4350
Other deferred credits.....	4360	4360
Deferred tax regulatory liability.....	4361	4361
Other jurisdictional liabilities and deferred credits--net.....	4370	4370
Stockholders' equity:		
Capital stock.....	4510	4510
Additional paid-in capital.....	4520	4520
Treasury stock.....	4530	4530
Other capital.....	4540	4540
Retained earnings.....	4550	4550
Local Network Services Revenues:		
Basic local service revenue.....	5000	5000
Basic area revenue.....	5001 .....	
Optional extended area revenue.....	5002 .....	
Cellular mobile revenue.....	5003 .....	
Other mobile services revenue.....	5004 .....	
Public telephone revenue.....	5010 .....	
Local private line revenue.....	5040 .....	
Customer premises revenue.....	5050 .....	
Other local exchange revenue.....	5060 .....	
Other local exchange revenue settlements.....	5069 .....	
Network Access Services Revenues:		
Network access revenue.....	5080	5080
End user revenue.....	5081	5081
Switched access revenue.....	5082	5082
Special access revenue.....	5083	5083
State access revenue.....	5084	5084

Account title	Class A account	Class B account
Long Distance Network Services Revenues:		
Long distance message revenue.....	5100	5100
Unidirectional long distance revenue.....	5110 .....	
Long distance inward-only revenue.....	5111 .....	
Long distance outward-only revenue.....	5112 .....	
Long distance private network revenue.....	5120 .....	
Subvoice grade long distance private network revenue.....	5121 .....	
Voice grade long distance private network revenue.....	5122 .....	
Audio program grade long distance private network revenue....	5123 .....	
Video program grade long distance private network revenue.....	5124 .....	
Digital transmission long distance private network revenue.....	5125 .....	
Long distance private network switching revenue.....	5126 .....	
Other long distance private network revenue...	5128 .....	
Other long distance private network revenue settlements.....	5129 .....	
Other long distance revenue.....	5160 .....	
Other long distance revenue settlements.....	5169 .....	
Miscellaneous Revenues:		
Miscellaneous revenue.....		5200
Directory revenue.....	5230 .....	
Rent revenue.....	5240 .....	
Corporate operations revenue.....	5250 .....	
Miscellaneous revenue.....	5260 .....	
Special billing arrangements revenue.....	5261 .....	
Customer operations revenue.....	5262 .....	
Plant operations revenue.....	5263 .....	
Other incidental regulated revenue.....	5264 .....	
Other revenue settlements.....	5269 .....	
Carrier billing and collection revenue.....	5270 .....	
Nonregulated Revenues:		
Nonregulated operating revenue.....	5280	5280
Uncollectible Revenues:		
Uncollectible revenue.....	5300	5300
Uncollectible revenue--Telecommunications.....	5301 .....	
Uncollectible revenue--Other.....	5302 .....	
Plant specific operations expense:		
Network support expense.....	6110	6110
Motor vehicle expense.....	6112 .....	
Aircraft expense.....	6113 .....	
Special purpose vehicles expense.....	6114 .....	
Garage work equipment expense.....	6115 .....	
Other work equipment expense.....	6116 .....	



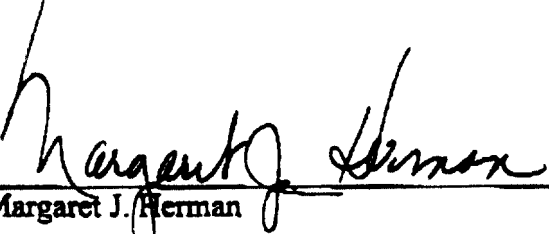
Account title	Class A account	Class B account
General support expenses.....	6120	6120
Land and building expenses.....	6121 .....	
Furniture and artworks expense.....	6122 .....	
Office equipment expense.....	6123 .....	
General purpose computers expense.....	6124 .....	
Central office switching expense.....	6210	6210
Analog electronic expense.....	6211 .....	
Digital electronic expense.....	6212 .....	
Electro-mechanical expense.....	6215 .....	
Operators system expense.....	6220	6220
Central office transmission expenses.....	6230	6230
Radio systems expense.....	6231 .....	
Circuit equipment expense.....	6232 .....	
Information origination/termination expense...	6310	6310
Station apparatus expense.....	6311 .....	
Large private branch exchange expense.....	6341 .....	
Public telephone terminal equipment expense...	6351 .....	
Other terminal equipment expense.....	6362 .....	
Cable and wire facilities expenses.....	6410	6410
Poles expense.....	6411 .....	
Aerial cable expense.....	6421 .....	
Underground cable expense.....	6422 .....	
Buried cable expense.....	6423 .....	
Submarine cable expense.....	6424 .....	
Deep sea cable expense.....	6425 .....	
Intrabuilding network cable expense.....	6426 .....	
Aerial wire expense.....	6431 .....	
Conduit systems expense.....	6441 .....	
Plant nonspecific operations expense:		
Other property plant and equipment expenses...	6510	6510
Property held for future telecommunications use expense. ....	6511 .....	
Provisioning expense.....	6512 .....	
Network operations expenses.....	6530	6530
Power expense.....	6531 .....	
Network administration expense.....	6532 .....	
Testing expense.....	6533 .....	
Plant operations administration expense.....	6534 .....	
Engineering expense.....	6535 .....	
Access expense.....	6540	6540
Depreciation and amortization expenses.....	6560	6560
Depreciation expense--telecommunications plant in service. ....	6561 .....	
Depreciation expense--property held for future		

Account title	Class A account	Class B account
telecommunications use.....		6562 .....
Amortization expense--tangible.....	6563 .....	
Amortization expense--intangible.....	6564 .....	
Amortization expense--other.....	6565 .....	
Customer operations expense:		
Marketing.....	6610	6610
Product management.....	6611 .....	
Sales.....	6612 .....	
Product advertising.....	6613 .....	
Services.....	6620	6620
Call completion services.....	6621 .....	
Number services.....	6622 .....	
Customer services.....	6623 .....	
Corporate operations expense:		
Executive and planning.....	6710	6710
Executive.....	6711 .....	
Planning.....	6712 .....	
General and administrative.....	6720	6720
Accounting and finance.....	6721 .....	
External relations.....	6722 .....	
Human resources.....	6723 .....	
Information management.....	6724 .....	
Legal.....	6725 .....	
Procurement.....	6726 .....	
Research and development.....	6727 .....	
Other general and administrative.....	6728 .....	
Provision for uncollectible notes receivable..	6790	6790
Other operating income and expense:		
Other operating income and expense.....	7100	7100
Income from custom work.....	7110 .....	
Return from nonregulated use of regulated facilities.....	7130 .....	
Gains and losses from foreign exchange.....	7140 .....	
Gains or losses from disposition of land and artwork.....	7150 .....	
Other operating gains and losses.....	7160 .....	
Operating taxes:		
Operating taxes.....	7200	7200
Operating investment tax credits--net.....	7210 .....	
Operating Federal income taxes.....	7220 .....	
Operating State and local income taxes.....	7230 .....	
Operating other taxes.....	7240 .....	

Account title	Class A account	Class B account
Provision for deferred operating income taxes--net .....	7250 .....	
Nonoperating income and expense:		
Nonoperating income and expense.....	7300 .....	7300
Dividend income.....	7310 .....	
Interest income.....	7320 .....	
Income from sinking and other funds.....	7330 .....	
Allowance for funds used during construction..		7340 .....
Gains or losses from the disposition of certain property .....	7350 .....	
Other nonoperating income.....	7360 .....	
Special charges.....	7370 .....	
Nonoperating taxes:		
Nonoperating taxes.....	7400 .....	7400
Nonoperating investment tax credits--net.....	7410 .....	
Nonoperating Federal income taxes.....	7420 .....	
Nonoperating State and local income taxes.....	7430 .....	
Nonoperating other taxes.....	7440 .....	
Provision for deferred nonoperating income taxes--net.....		7450 .....
Interest and related items:		
Interest and related items.....	7500 .....	7500
Interest on funded debt.....	7510 .....	
Interest expense--capital Leases.....	7520 .....	
Amortization of debt issuance expense.....	7530 .....	
Other interest deductions.....	7540 .....	
Extraordinary items:		
Extraordinary items.....	7600 .....	7600
Extraordinary income credits.....		7610 .....
Extraordinary income charges.....	7620 .....	
Current income tax effect of extraordinary items--net.....	7630 .....	
Provision for deferred income tax effect of extraordinary items--net...	7640 .....	
Jurisdictional Differences and nonregulated income items:		
Income effect of jurisdictional ratemaking difference--net.....	7910 .....	7910
Nonregulated net income.....	7990 .....	7990

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 17th day of July, 1998, served all parties to this action with a copy of the foregoing COMMENTS by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed on the attached service list.

  
Margaret J. Herman

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**\*\*HAND SERVICE**

**CERTIFICATE OF SERVICE**

I do hereby certify that I have this 20<sup>th</sup> day of August served the following parties to this action with a copy of the foregoing COMMENTS by hand delivery or by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed below.

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Juanita H. Lee

**\* VIA HAND DELIVERY**